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Annual

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Report Highlights:

Ukraine's 2000 grain harvest is expected to be slightly higher than last year's dismal harvest which was the lowest on record since 1946. Extremely poor weather conditions in 1999 will hopefully not be repeated. Despite the low production estimates and reduced beginning stocks grain supplies are expected to meet domestic needs for food and feed in MY 2000/2001. This will also permit Ukraine to remain a net grain exporter. Increasing domestic prices will make Ukrainian grain less competitive in the foreign markets but will not result in increased imports.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report

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Executive Summary

Official Ukrainian statistics indicate that total 1999 grain production was 24.6 MMT, the lowest production level since 1946 due primarily to bad weather conditions. An early freeze in May 1999 followed by dry conditions during the late spring and early summer decreased output considerably. Ukrainian grain and pulse production in 2000 is projected to increase only slightly compared with the dismal 1999 harvest to 26 MMT. This total should ensure Ukraine's basic food and feed grain needs in MY 2000/2001 and should allow Ukraine to remain a net grain exporter. Import prospects in MY 2000/2001 will decrease compared with the current marketing year. Domestic grain prices should increase in MY 2000/2001 but will be constrained by low consumer purchasing power and will not create an incentive for commercial U.S. grain shipments to Ukraine. Central European countries and Kazakhstan will likely to be the major suppliers of milling quality wheat to Ukraine in MY 2000/2001. Ukrainian officials have indicated that U.S. food assistance for grains or oilseeds may be needed during the winter of 2000/2001 although no concrete requests have been made.

An increasing lack of fuel, fertilizers and other agricultural inputs forced Ukrainian farmers to decrease winter grains area in 1999 compared with previous years. Dry weather conditions in fall of 1999 did not allow proper sprouting of winter grains in some major grain producing areas in Southern and Eastern Ukraine. Normal wintering conditions with sufficient soil moisture; however, are expected to result in a slight increase in overall harvested grain area in 2000 compared with 1999.

MY 2000/2001 grain exports are expected to decrease relative to the current marketing year to only 40 percent of the MY 1998/1999 level; the highest, since independence in 1991. Domestic grain price increases should make Ukrainian grain less competitive on international markets and result in more Ukrainian grain in the domestic market.

Overall food grain consumption in MY 2000/2001 should increase despite growing grain prices. Bread and other grain products will remain the staples of the Ukrainian diet. Local authorities will continue to subsidize production of the most popular bread types and to limit bakeries' profit margins in order to assure the availability of bread to the general population. The GOU may also allow some food quality corn imports in order to support the small domestic corn oil industry.

Feed grain utilisation is expected to improve only slightly in MY 2000/2001. The increasing demand for concentrated feed from small individual livestock and poultry producers will offset declining demand from the shrinking collective farm sector. Barley is expected to partially replace wheat and become the major grain used in compound feed production due to higher wheat prices and increased blending feed quality wheat in bread production. Despite the projected increase in feed grain utilisation by private sector producers in MY 2000/2001, the rate of feed conversion is expected to decrease with declining industrial compound feed production.

MY 2000/2001 ending stocks are projected to increase mostly due to an increase in processors' held stocks after the extremely low 1999 harvest. Processors are expected to maintain sufficient stocks in order to ensure adequate supplies throughout MY 1999/2000.

Wheat, PSD Table

PSD Table						
Country	Ukraine					
Commodity	Wheat				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Area Harvested	5638	5641	5900	5931	0	5800
Beginning Stocks	4000	2038	1500	570	800	655
Production	14937	14937	13500	13585	0	14000
TOTAL Mkt. Yr. Imports	78	5	500	500	0	100
Jul-Jun Imports	78	5	500	500	0	100
Jul-Jun Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	19015	16980	15500	14655	800	14755
TOTAL Mkt. Yr. Exports	4353	4360	2200	2000	0	1500
Jul-Jun Exports	4353	4360	2200	2000	0	1500
Feed Dom. Consumption	3000	3900	2500	3000	0	3000
TOTAL Dom. Consumption	13162	12050	12500	12000	0	12500
Ending Stocks	1500	570	800	655	0	755
TOTAL DISTRIBUTION	19015	16980	15500	14655	0	14755

Production

According to official statistics, farmers planted 6.4 million hectares of winter wheat in fall of 1999 (MY 2000/2001) or five percent less than the fall of 1998 (MY 1999/2000). It has been estimated that at the end of February 2000, 44 % of the winter crop was in good condition, 28 percent in satisfactory condition and 19 percent in poor condition with the remaining 9 % showing no sprouting. Field surveys conducted in February of 1999 indicated better winter crop conditions: 52 percent of winter crop was in good, 33 percent in satisfactory and 10 percent in poor condition while only five percent did not sprout.

The area under spring wheat will most likely decrease to 270 THA compared with 290 THA of spring wheat planted in 1999 because spring wheat requires more plant protection chemicals than other grain crops. Wheat production in 2000 is projected slightly higher than last year assuming sufficient soil moisture and normal weather conditions. The major reason for the record low wheat harvest in 1999 was freezing temperatures in May followed by extremely dry weather in Spring and Summer. Therefore, wheat yields in 2000 are expected to be higher than 1999 but lower than 1998 due to increasing lack of agricultural inputs. The total wheat output in 2000 is projected now at 14 MMT.

According to final 1999 official statistics, wheat production was slightly higher than preliminary results due to higher harvested area. In 1999, harvested wheat area was 15 % lower than area planted due to unusually dry weather

conditions in summer and the lack of agricultural inputs. These two major factors reduced yields significantly in 1999.

Milling wheat profitability improved from 12 % in 1998 to 14 % in 1999. The cost of production for milling wheat in 1999 has been estimated at UAH 247 (\$ 51) per ton compared with UAH 157 (\$45) in 1998. The profitability of feed quality wheat was significantly lower and was estimated only at 3.5 % with average production costs of UAH 133 (\$38) per ton in 1999 compared with 2.3 % (UAH 352/\$38) accordingly in 1998.

Inputs. Supplies of agricultural inputs for farmers will be even more constrained in 2000 than 1999. The GOU announced that it will discontinue providing commodity credits for inputs to farmers in 2000 and announced its decision to restructure existing collective farms. These actions, however, have not yet led to the development of private sector input suppliers to replace government-supported enterprises. It has been estimated that the collective farm sector, as of January 2000, has an accumulated debt of 7 billion hryvna (\$1.4 billion) to commercial input suppliers for previously deliveries of agricultural inputs.

The total fuel demand in 2000 for farms has been estimated at 1.29 million tons of petrol and 3.1 million tons of diesel fuel with 0.34 and 0.84 million tons accordingly being required for spring 2000 field work. It has been estimated by some experts that farmers may only receive 47% of their total diesel fuel needs this spring. Most of the fuel traders in Ukraine now require 100% prepayment from farmers in order to supply fuel and will not provide fuel on a commodity credit basis. In addition, increasing crude oil prices pushed domestic diesel fuel prices up 16-22 percent since December 1999. The GOU; however, is negotiating contracts with Greece and Azerbaijan in order to supply fuel for spring field work but prices for this fuel are expected to be at international market levels.

The GOU has developed a plan that would allow the state-owned company *Naftogaz Ukrainy* to supply mineral fertilizers to farms with the possibility of a 9 month deferred payment from farmers. This will partially satisfy mineral fertilizer demand.

Sales of plant protection chemicals will not likely increase this year. The overall farm debt for commercial and state supplies of agricultural chemicals in 1997-1999 reached \$ 200 million. It has been estimated that Ukrainian farmers will need a total of 28 TMT of plant protection chemicals in 2000 but may only receive 12-13 TMT.

Consumption

Wheat consumption in MY 2000/2001 is projected slightly higher than revised MY 1999/2000 consumption levels. Local authorities are expected to continue to limit price increases for bread and by setting maximum allowed profit margins for bakeries. Increased domestic wheat and wheat flour prices may be attractive enough to have more domestically produced wheat utilized in Ukraine rather than exported to foreign markets.

The GOU temporary decreased quality requirements for bread production in MY 1999/2000 in order to allow utilization of lower quality wheat grades in bread production. Consumption of wheat/bread products continues to decline due to limited wheat availability on the domestic market and increasing prices. Wheat flour production by small and medium scale mills decreased from 3,020 TMT in CY 1998 to 2,492 TMT in CY 1999 or 17 % based on official statistics. During the same period production of bread and bakery products by large and medium scale enterprises decreased by 6 % (from 2,331 TMT to 2,198 TMT) and while macaroni production decreased by 4 % (from 138 TMT to 132 TMT). This would appear to indicate that despite limited wheat supply, flour production by small mills

increased in 1999. This production is not included in official statistics.

Feed wheat utilization in MY 2000/2001 is projected to remain unchanged from the previous year. Despite the decision to allow blending of lower quality wheat grades in bread production, feed wheat utilization in MY 1999/2000 is now estimated higher at 3 MMT. According to various estimates, individual farmers received approximately 5 MMT of grains (mostly feed wheat) as in-kind payments from the collective farms. This grain will be most likely be utilized in private livestock and poultry holdings. It has already been confirmed by official statistics that private sector livestock and poultry inventories increased in CY 1999 compared with the previous year. Therefore, the estimate of feed wheat utilization in MY 1999/2000 has been increased.

According to the Institute of Agricultural Economics, total feed availability (all grains) in MY 2000/2001 will represent only 77 % of total feed requirements including only 73 % of the requirements for compound feed.

Trade

Export Trade Matrix, Wheat, MT

Imports for:	Time period			
	Jan.-June 1998	CY 1998	Jan.-June 1999	CY 1999
U.S.	0	27927	43959	67942
Others				
Belarus	30577	74763	389352	671046
Israel	153396	338942	253629	497329
Turkey	7941	46385	209197	419195
Korea, Republic of	97566	417351	207586	346077
Hungary	12931	173906	207015	328318
Great Britain	91161	356252	229186	274019
Bermuda Islands	181862	340128	143592	247158
Marocco	0	27571	137694	181110
Switzerland	0	129254	109254	156764
Georgia	7422	20744	38638	137032
Iraq	0	16451	118570	136037
India	0	33620	44499	116440
Russian Federation	1433	2219	12080	88585
Syria	0	0	85013	85013
Total for Others	584289	1977586	2185305	3684123
Others not Listed	260930	761349	482155	773652
Grand Total	845219	2766862	2711419	4525717

Source: State Statistics Committee of Ukraine based on State Customs Service of Ukraine data.

It is difficult to determine the actual destination of Ukrainian grain exports because existing customs procedures allow the international exporters to indicate in the documents their legal registration country or territory, i.e. Cayman, Virgin Islands, Switzerland, etc., rather than to declare actual cargo destinations. Grains to the United States are probably an indication that transactions were done by U.S. companies.

Wheat exports in MY 2000/2001 are projected to decrease to only one-third of MY 1998/1999. MY 2000/2001 wheat exports are not projected to exceed 1.5 million tons due to expected low production, and strong domestic demand. Domestic wheat prices are expected to increase and make exports less competitive vis a vis the domestic market.

According to official statistics, CY 1999 wheat exports increased 64 % compared with CY 1998 and reached 4.5 MMT. The value of CY 1999 wheat exports increased 79 % during the same period and reached \$379 million.

Wheat flour exports decreased from 61 TMT in CY 1999 to only 4 TMT in CY 1998 due to the collapse of the market in the former Soviet Union. It is projected that wheat flour exports from Ukraine will decrease even further in MY 2000/2001 due to tight domestic flour supplies.

Estimates of wheat exports in MY 1999/2000 have been decreased to 2 MMT based on the slow export pace. Wheat exports decreased from 135 TMT in December 1999 to 41 TMT in January 1999. Belarus has remained the major market for Ukrainian wheat. In January 2000 Belarus accounted for 50 % of all Ukrainian wheat exports.

Import Trade Matrix, Wheat, MT

Imports for:	Time period			
	Jan.-June 1998	CY 1998	Jan.-June 1999	CY 1999
U.S.	0	0	0	0
Others				
Germany	2	14	0	0
Moldova	40	50	0	0
Poland	0	7	0	0
Yugoslavia	0	0	0	1099
Russian Federation	0	241	0	103
Hungary	263	263	65	79
Czech Republic	0	0	0	41
Romania	0	0	0	1
Total for Others	305	575	65	1323
Others not Listed	0	0	0	0
Grand Total	305	575	65	1323

Source: State Statistics Committee of Ukraine based on State Customs Service of Ukraine data.

MY 2000/2001 wheat imports will decrease and are currently projected at 100 TMT assuming that the GOU will

extend the import duty and VAT free import quota for milling quality wheat. Commercial U.S. wheat exports to Ukraine are not likely to be competitive in MY 2000/2001 despite an expected increase in Ukrainian domestic wheat prices. Domestic wheat prices will still be lower than prices on international markets. Relatively high transportation costs from the United States compared with Central and Eastern European costs also provide a competitive advantage to the suppliers from the Central European countries.

The GOU lowered import duties on milling wheat from the existing EUR 40 per ton and introduced a 1.48 MMT quota for milling wheat in December 1999 in order to avoid potential deficits in Ukrainian regions. The quota is effective through September 1, 2000. Ukraine started to import wheat within this quota from Hungary and Yugoslavia and Kazakhstan. Grain imports, however, have remained insignificant in MY 1999/2000 despite the wheat import quota authorized by the government. Currently, according to information from grain traders, the major constraint for Kazakh wheat imports into Ukraine is the high transportation costs of \$31-32 per ton resulting from high railroad tariffs.

Wheat flour imports in MY 2000/2001 will remain negligible. In CY 1999, imports of wheat flour remained unchanged from CY 1998 levels. It is projected that the major barrier for wheat flour imports will be high import tariff of EUR 100 per ton (HS Code 110100000). Traders prefer wheat imports to imports of flour with further milling done in Ukraine.

Stocks

It is projected that ending stocks for wheat will increase slightly in MY 2000/2001 over last year because major bakeries and flour mills will tend to build stocks from the low 1999 grain harvest in order to ensure adequate supplies over the coming year and avoid possible price increases. The reorganisation of the State Reserve System into a state owned joint-stock company with the new management is another reason for higher projected ending stocks since this company has already declared its intentions to increase stocks.

It was estimated in February 1999 that government held wheat stocks did not exceed 2.3 million tons compared with 5-6 million tons of wheat held in government stocks in 1993-1994. The GOU announced to regional administrations at the end of 1999 that, unlike in the past, it would not release grain from the state reserve upon request from a regional state administration and advised local authorities to work together with the grain traders in order to import grain or purchase it in the domestic market using funds from local budgets. The GOU plans to provide milling quality wheat from the state reserves in April-June 2000 and only if an emergency bread supply situation exists in a region.

Policy

It is not clear whether the government will extend the duty free import quota for wheat into MY 2000/2001, despite continued low wheat production in 2000. In the absence of a quota, the Ukrainian wheat market is highly protected from all wheat imports. The standard import duty on wheat established by the Law on "The State Regulation of Agricultural Products' Imports" is EUR 40 per ton. Existing Ukrainian import regulations also require payment of a 20 % VAT from an importer prior to customs clearance. A wheat importer would have to pay approximately \$40 in import duty and \$ 28 in VAT immediately after delivery to Ukraine, assuming a wheat CIF price at \$100 per ton and an exchange rate of EUR 1= US\$1. It is highly unlikely that wheat imports will continue in MY 2000/2001 without exemptions from import duties and VAT. Kazakh wheat may gain a competitive advantage in MY 2000/2001 if the CIS agreement on free trade zones becomes effective. The CIS agreement has not yet entered into a force because of

outstanding issues among the participants.

The new Ukrainian government elected this past November agreed to change its procurement policy and continue its policy of trade liberalization. The mandatory grain export certification system by the State Bread Inspection Service was cancelled. Grain export certification was introduced in order to limit food grain exports from Ukraine in October 1999.

Marketing

Domestic wheat prices are projected to increase in MY 2000/2001 due to projected low beginning stocks, stable demand and a significant increase in agricultural input prices. The projected increase in domestic wheat prices will decrease the competitiveness of Ukrainian wheat on international markets and decrease export opportunities in MY 2000/2001. Domestic wheat prices increased 25-35 % reaching UAH 500-550 per one ton (\$91-100/ton). in August-December 1999 depending on the quality of wheat.

The average farm gate price for milling quality wheat during July-December 1999 was around UAH 300 per ton (\$60/1MT). The farm gate price for feed quality wheat was around UAH 160-170 (\$32-34/1 MT). The relatively low prices were due to the fact that farms gave away 5 MMT immediately after the harvest in order to fulfill their barter contracts and in order to pay for fuel and other inputs necessary to plant winter wheat. According to various estimates, there may have been a 25-40 % difference between farm gate and export prices during July-December 1999.

Despite the government's intentions to develop commodity exchanges, trade has been insignificant. According to the National Association of Commodity Exchanges of Ukraine, only 172 TMT or 1.5% of all grain was sold through the commodity exchanges in CY 1999. The State Statistics Committee of Ukraine reports that 64 % of all grain marketed in CY 1999 was wheat and that the share of barter sales in total sales volume was 34%. The share of barter sales remains high due to farmers' continued dependence on commercial input suppliers.

Prices Table, Wheat,

Prices in	USD	per uom	1 MT
Year	1998	1999	% Change
Jan	98.78	80.61	-18.39%
Feb	93.01	83.8	-9.90%
Mar	90.47	80.44	-11.09%
Apr	94.06	82.55	-12.24%
May	77.18	82.69	7.14%
Jun	72.7	85.07	17.02%
Jul	68.99	88.01	27.57%
Aug	68.64	87.16	26.98%
Sep	71.84	86.99	21.09%
Oct	74.84	90	20.26%
Nov	76.99	93	20.79%

Dec	79.25	95	19.87%
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Source: 1. Jan.1998-Sept.1999 average export FOB prices according to Ukragroconsult; 2. Oct.-Dec. 1999 prices are Post's estimate.

Barley, PSD Table

PSD Table						
Country	Ukraine					
Commodity	Barley				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Area Harvested	3567	3567	3473	3475	0	3500
Beginning Stocks	1402	800	813	375	638	350
Production	5870	5870	6400	6425	0	6500
TOTAL Mkt. Yr. Imports	0	0	0	0	0	0
Oct-Sep Imports	0	0	0	0	0	0
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	7272	6670	7213	6800	638	6850
TOTAL Mkt. Yr. Exports	734	795	800	800	0	700
Oct-Sep Exports	855	831	800	800	0	700
Feed Dom. Consumption	3500	3500	4050	3800	0	4000
TOTAL Dom. Consumption	5725	5500	5775	5650	0	5700
Ending Stocks	813	375	638	350	0	450
TOTAL DISTRIBUTION	7272	6670	7213	6800	0	6850

Production

According to official statistics, farmers planted 405 THA of winter barley in the fall of 1999. This is 10 % more than the area planted the previous year. The area planted under spring barley in 2000 is projected to increase slightly and be around 3.4-3.6 million hectares as a result of the decrease in winter wheat and rye area. Farmers planted 3.4 million hectares of spring barley in 1999. It is not expected, however, that spring barley area in 2000 will compensate in full for the areas not planted with winter grains in 1999. The main constraint in increasing barley acreage in 1999 will be lack of funds to purchase fuel and problems associated with the reorganisation of the collective farm sector. Barley harvested area in 2000 is projected to be 3.5 million hectares. Yields in 2000 are projected higher than in 1998 with the assumption that normal weather condition will prevail.

The final 1999 harvest results released by the State Statistics Committee of Ukraine suggested slightly higher harvested area and yields in MY 1999/2000. Official statistics data have been incorporated into the PSD table.

Consumption

Barley feed utilization in MY 2000/2001 is going to exceed feed wheat consumption because of increased wheat prices and government permission to utilise feed quality wheat in bread production. Feed barley utilization will not be utilized the most efficient way because industrial compound feed production is expected to continue to decline while direct on-farm utilization and individual household feed consumption will increase.

Barley malt production in MY 2000/2001 is projected to remain insignificant due to the low quality of Ukrainian barley. It has been estimated that barley malt imports reached 71 TMT in CY 1999 or more than doubled compared with the previous year.

Trade

Export Trade Matrix, Barley, MT

Imports for:	Time period			
	Jan.-June 1998	CY 1998	Jan.-June 1999	CY 1999
U.S.	0	0	0	3857
Others				
Israel	30946	224705	189044	332985
Saudi Arabia	0	40371	23000	116300
Belarus	8681	13819	47714	94785
Hungary	0	0	0	90184
Syria	0	0	16410	75461
Cyprus	6400	69300	3416	63750
Algeria	13791	47750	12675	41345
Great Britain	6606	25463	37882	40322
Malta	2465	35632	10006	39230
Switzerland	7925	8325	0	35320
Lebanon	5200	5200	0	24550
Total for Others	82014	470565	340147	954232
Others not Listed	26157	111160	39874	107165
Grand Total	108171	581725	380021	1065254

Source: State Statistics Committee of Ukraine based on State Customs Service of Ukraine data.

Ukraine will continue to export mostly feed barley in MY 2000/2001 but exports are projected slightly lower than the revised level of MY 1999/2000 because of the low level of expected domestic production. Ukrainian officials report that CY 1999 barley exports increased to 1 MMT or \$ 80 million. Israel, Saudi Arabia and Belarus have been the major buyers of Ukrainian barley.

Policy

Despite the fact that there is a lack of high quality barley for malting, Ukrainian import tariffs on all barley except seeds for sowing, has been set at EUR 20 per ton. The import duty on malt is 30%; however, in CY 1999, Ukraine introduced a 50 TMT zero import duty quota on all malts (HS Codes 110710-110720) under pressure from domestic breweries instead of lowering the import tariff on barley for malting.

Price Table, Barley

Prices in	USD	per uom	1 MT
Year	1998	1999	% Change
Jan	104.11	59.29	-43.05%
Feb	102.17	61.74	-39.57%
Mar	104.58	66.19	-36.71%
Apr	83.88	67.23	-19.85%
May	71.58	74.34	3.86%
Jun	72.55	74.95	3.31%
Jul	71.49	75.9	6.17%
Aug	67.02	77.66	15.88%
Sep	60.7	75.99	25.19%
Oct	53.07	80	50.74%
Nov	54.44	82	50.62%
Dec	56.73	86	51.60%

Source: 1. Jan.1998-Sept.1999 average export FOB prices according to Ukragroconsult; 2. Oct.-Dec. 1999 prices are Post's estimate.

Corn, PSD Table

PSD Table						
Country	Ukraine					
Commodity	Corn				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Harvested	910	910	687	689	0	800
Beginning Stocks	1340	1109	487	482	187	229
Production	2300	2301	1700	1737	0	2200
TOTAL Mkt. Yr. Imports	0	15	0	10	0	20
Oct-Sep Imports	0	15	0	10	0	20
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	3640	3425	2187	2229	187	2449
TOTAL Mkt. Yr. Exports	353	343	200	100	0	200
Oct-Sep Exports	353	343	200	100	0	200
Feed Dom. Consumption	1300	1400	1300	1400	0	1400
TOTAL Dom. Consumption	2800	2600	1800	1900	0	1900

Ending Stocks	487	482	187	229	0	349
TOTAL DISTRIBUTION	3640	3425	2187	2229	0	2449

Production

It is projected that area planted with corn in spring of 2000 will be around 1.3 million hectares. Considering corn utilisation for silage, the area harvested for grain is projected to be 800 thousand hectares. The total corn production in MY 2000/2001 is projected at 2.2 million tons.

The Ministry of Agricultural Policy of Ukraine currently forecasts that farmers will plant 1.5 million hectares of corn in spring of 2000. Increasing fuel prices will probably force farmers to decrease corn plantings because no increases in corn prices are foreseen which would compensate for added fuel costs. It is estimated that Ukrainian farmers will prefer to plant more sunflower seed than corn in 2000 in the hope that the sunflower seed export duty will be lifted. In addition, on-farm corn seed stocks have been estimated by the Ministry at 62 TMT or 59 percent of the total needed to plant 1.5 million hectares of corn. The GOU plans to provide the remaining seeds from the State Reserves on a commodity credit terms despite farmers' failure to return the commodity credits supplied by the government in the past. Imports of corn seed into Ukraine decreased from 6 TMT in CY 1998 to 1.4 TMT in CY 1999; therefore, it is unlikely that farmers will plant as much corn as the GOU forecasts.

Consumption

Feed corn consumption in MY 2000/2001 is expected to remain stable. It is projected that feed corn utilization by private livestock and poultry holdings will increase the expenses of collective farm livestock and poultry operators. Corn starch, oil and molasses production is projected to bottom out and stabilize in MY 2000/2001 due to GOU and private sector to overcome the financial problems of food corn processing industry.

Trade

Corn exports in MY 2000/2001 are currently projected higher than MY 1999/2000 due to increased production and based on the assumption that feed wheat prices may increase. MY 2000/2001 exports are projected lower because of higher domestic demand from the private sector livestock and poultry producers. The estimate for MY 1999/2000 corn exports has been reduced to 100 TMT based on new monthly trade data.

Corn imports in MY 2000/2001 are projected higher than in the previous two years due to expected growth in high quality corn imports for further processing into food products in Ukraine. Hungary will remain the major supplier of corn to Ukraine in MY 2000/2001. According to official Ukrainian statistics, the decrease in imports of U.S. corn in CY 1999 was due to lower imports of seed corn. Imports of U.S. corn for food processing increased from 19 MT in CY 1998 to 47 MT in CY 1999.

Export Trade Matrix, Corn, MT

Imports for:	Time period			
	Jan.-June 1998	CY 1998	Jan.-June 1999	CY 1999
U.S.	0	0	0	0
Others				
Israel	91191	265845	84386	88984
Belarus	78023	99933	30708	54336
Portugal	11000	11000	35670	35670
Algeria	2876	11553	25645	25645
Lebanon	0	504	21201	23297
Russian Federation	3637	4561	14324	21208
Poland	3802	33478	12467	12527
Turkey	32138	51617	12208	12208
Lithuania	23870	30836	5530	7072
Syria	0	0	5032	5032
Tunisia	7700	11043	4543	4543
Total for Others	254237	520370	251714	290522
Others not Listed	53570	67729	13353	14319
Grand Total	307807	588099	265067	304841

Source: State Statistics Committee of Ukraine based on State Customs Service of Ukraine data.

Import Trade Matrix, Corn, MT

Imports for:	Time period			
	Jan.-June 1998	CY 1998	Jan.-June 1999	CY 1999
U.S.	3	222	3	45
Others				
Hungary	1208	1588	2769	19875
Moldova	767	2413	572	1706
Germany	161	205	357	415
France	738	809	65	100
Russian Federation	68	75	20	47
Austria	81	81	42	42
Italy	0	0	0	11
Belgium	0	0	0	5
Canada	0	0	2	2
Total for Others	3023	5171	3827	22203
Others not Listed	536	1196	1	1

Grand Total	3562	6589	3831	22249
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Source: State Statistics Committee of Ukraine based on State Customs Service of Ukraine data.

Stocks

Corn ending stocks for MY 2000/2001 are expected to increase compared with the current marketing year because of an expected shift in corn feed utilization from the collective farm sector to individual households. Individual farmers have always tended to maintain some stocks in order to ensure that their livestock and poultry operations have adequate feed supplies. The estimate of MY 1999/2000 ending stocks has been revised because of the same reason.

Policy

Despite low corn output in 1999 and the shortage of feed on the domestic market, the GOU does not intend to lower the EUR 20 per ton import tariff on corn. The GOU lowered the corn import tariff to zero from June 18, 1999 through September 1, 1999 in order to ensure adequate corn supplies for the food processing industry only.

It is likely that the GOU will reintroduce a duty free import quota for corn intended for further food processing in Ukraine in 2000. The Agricultural Committee of the Ukrainian Parliament has already reviewed the proposals to amend existing legislation governing imports of agricultural commodities in order to increase corn supplies to processors.

Marketing

Prices Table, Corn

Prices in	USD	per uom	1 MT
Year	1998	1999	% Change
Jan	102.41	73.8	-27.94%
Feb	102.28	77.95	-23.79%
Mar	100.38	75.77	-24.52%
Apr	91.94	76.77	-16.50%
May	86.38	78.18	-9.49%
Jun	81.42	81.24	-0.22%
Jul	79.84	84.69	6.07%
Aug	78.76	116.9	48.43%
Sep	78.76	93.49	18.70%
Oct	69.13	93	34.53%
Nov	69.24		-100.00%
Dec	73.72		-100.00%

Source: Jan.1998-Sept.1999 average export FOB prices according to Ukragroconsult.

The low 1999 corn harvest and MY 1998/1999 ending stocks caused a significant increase in export prices. Corn exports have continued in MY 1999/2000 despite two years of low corn harvests. Average domestic prices on corn were 10 % lower than export prices in CY 1999. Despite this fact, traders have experienced problems with the collection of large export shipments because stocks are dispersed among many small producers. Farmers have been reluctant to deliver corn to elevators because corn from the 1999 harvest was drier than usual. In addition, farmers were concerned that the GOU would seize their grain from elevators. Grain traders were forced to offer higher prices for larger parcels of corn in order to collect an export size shipment.

Rye PSD Table

PSD Table						
Country	Ukraine					
Commodity	Rye				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Area Harvested	696	702	623	623	0	750
Beginning Stocks	362	128	282	101	172	50
Production	1140	1140	900	919	0	1200
TOTAL Mkt. Yr. Imports	0	1	0	0	0	0
Oct-Sep Imports	0	1	0	0	0	0
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	1502	1269	1182	1020	172	1250
TOTAL Mkt. Yr. Exports	20	118	10	150	0	50
Oct-Sep Exports	20	118	10	150	0	50
Feed Dom. Consumption	50	100	50	50	0	50
TOTAL Dom. Consumption	1200	1050	1000	820	0	1050
Ending Stocks	282	101	172	50	0	150
TOTAL DISTRIBUTION	1502	1269	1182	1020	0	1250

Production

Wintering conditions have been mostly favourable in the major rye producing areas of Ukraine. Therefore, it is expected that the area harvested in 2000 will be higher than the previous two years despite the fact that farmers planted 9 % less rye during the fall of 1999 compared with 1998. It has been estimated that farmers planted approximately 900 thousand hectares of winter rye in 1999. The major reason for higher projected rye area in 2000 is that farmers are expected to avoid the practice of using winter grains for green feed for cattle because of the increasing value of rye as a food grain. The total harvested area in 2000 is not expected to increase. Yields are expected to be higher than in 1999 but lower than in 1998. The total rye output in 2000 is currently projected at 1.2 million tons.

Consumption

Rye consumption in MY 2000/2001 is expected higher than in MY 1999/2000 due to projected production increases and greater domestic food demand. Rye bread has been very popular in Ukraine and usually costs less than bread made of wheat flour. Increasing wheat flour and bread prices can force some consumers to shift to a lower priced rye bread. Feed rye consumption in MY 2000/2001 will remain low due to high food demand and will be limited to on-farm utilization of the lowest quality rye.

Trade

The estimates for MY 1998/1999 and MY 1999/2000 exports have been increased based on higher officially reported exports. Exports of rye increased dramatically over the last two years. Ukrainian rye became very popular in foreign markets because of low prices. The value of rye exports increased from \$175 thousand in CY 1998 to \$15.3 million in CY 1999. Belarus, North Korea and Russia were the major buyers of Ukrainian rye in CY 1999. It is expected that rye exports will decrease in MY 2000/2001 due to increasing domestic demand that will make higher domestic prices less competitive in foreign markets.

Export Trade Matrix, Rye, MT

Imports for:	Time period			
	Jan.-June 1998	CY 1998	Jan.-June 1999	CY 1999
U.S.	0	0	0	0
Others				
Bermuda Islands	0	0	0	1241
Belarus	197	197	22226	93155
Estonia	0	1833	1031	1401
Israel	0	0	11127	19944
Korea, Republic	0	0	48631	88552
Latvia	0	15	0	0
Lithuania	0	0	127	127
Russian Federation	0	0	125	16239
Turkey	0	0	33319	51126
Total for Others	197	2045	116586	271785
Others not Listed				
Grand Total	197	2045	116586	271785

Source: State Statistics Committee of Ukraine based on State Customs Service of Ukraine data.

Oats PSD Table

PSD Table						
Country	Ukraine					
Commodity	Oats				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Area Harvested	549	549	530	529	0	550
Beginning Stocks	157	63	7	47	77	66
Production	740	741	760	759	0	800
TOTAL Mkt. Yr. Imports	0	0	0	0	0	0
Oct-Sep Imports	0	0	0	0	0	0
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	897	804	767	806	77	866
TOTAL Mkt. Yr. Exports	0	37	0	20	0	10
Oct-Sep Exports	0	37	0	20	0	10
Feed Dom. Consumption	775	600	575	600	0	650
TOTAL Dom. Consumption	890	720	690	720	0	800
Ending Stocks	7	47	77	66	0	5
TOTAL DISTRIBUTION	897	804	767	806	0	866

Production

Oat production in 2000 is expected to be around 800 MT grown on 550 thousand hectares. Production is expected to increase due to increasing demand in the private sector for food and horse feed.

Consumption

Oats consumption in MY 2000/2001 is projected higher than in MY 1999/2000 due to an expected increase in consumption of oat groats and flakes. The increase in consumption will be due to relatively low prices for oat products compared with other grains. In addition, as meat prices increase some consumers, particularly those on fixed incomes, switch to cheaper and more basic foods.

Feed utilization of oats may increase due to a larger horse population mostly in the private sector. Both individual and industrial-type farms are increasingly using horses for local transportation and other work because of increasing fuel and energy prices.

Trade

According to available data, Ukraine exported 55 TMT of oats worth \$3 million in CY 1999. Oat exports in started in

March 1999 and continued through August 1999 but virtually stopped in September 1999 because of the unavailability of the commodity on the domestic market. Belarus, Turkey, Israel, Russian Federation and Poland were the major export destinations for Ukrainian oats. It is projected that exports will decrease in MY 2000/2001 due to higher domestic demand and are not expected to exceed 10 TMT.

Other grains

Crop	1999		Projected 2000	
	Area harvested, 1,000 ha	Crop, TMT	Area harvested, 1,000 ha	Crop, TMT
Peas	393	515	400	550
Buckwheat	450	250	450	350
Millet	220	210	300	300
Rice	22	70	20	50
Other cereals and pulses	120	145	100	100
Total	1205	1190	1270	1350

Trade

Rice will remain one of the major cereals imported into Ukraine in MY 2000/2001. Imports of rice increased five percent in CY 1999 compared with the previous year and reached 67 TMT. The value of imported rice increased 27 percent during the same period and reached \$15.5 million in CY 1999. Vietnam and India have remained the major suppliers of lower priced and lower quality rice to Ukraine. U.S. rice imports into Ukraine were insignificant and less competitive than Asian rice due to higher prices. Increased rice imports from Spain can be attributed to the increasing popularity of high quality brand-name rice in the restaurants.

Import Trade Matrix, Rice, MT

Imports for:	Time period			
	Jan.-June 1998	CY 1998	Jan.-June 1999	CY 1999
U.S.	359	1581	1568	2515
Others				0
Vietnam	2792	6881	5439	27794
India	7191	26552	16575	24256
Egypt	4033	17684	463	3098
Spain	0	22	4	2821
China	497	1406	0	2257
Italy	403	403	34	900
Russian Federation	1371	2007	211	774
Pakistan	2365	2657	146	750
Poland	1079	1362	541	714
Total for Others	19731	58974	23413	63364
Others not Listed	2181	3633	572	1438
Grand Total	22271	64188	25553	67317

Source: State Statistics Committee of Ukraine based on State Customs Service of Ukraine data.